

January 9, 1976

SENATOR LUEDTKE: Mr. President, I move that LB 584 be advanced to E & R Initial. Mr. President, members of the Legislature, LB 584 was the work product of an interim resolution, #143, an interim study of Nebraska's inheritance taxation procedures and problems involved with such inheritance taxes, and this included a discussion at one of the, in fact, at several of these meetings throughout the state as to whether or not we had ever adopted the Uniform Act on Interstate Arbitration of Death Taxes or the Uniform Act of Interstate Compromise on Death Taxes. Now what this means, the purpose is to affect taxation of inheritance taxes when the person has, what we call, double domicile where he lives or could possibly have two domiciles, say, one in Colorado and one in Nebraska, one in Arizona and one in Nebraska, whatever it is, and the purpose of the bill is to eliminate double inheritance taxation on personal property when that situation results. Most states exempt intangible property, that is, such as securities and that sort of thing, if the decedent, the person that dies is not a domiciliary resident of that state. He is exempt or his estate is exempt, but a very serious problem arises in these particular situations when the state does not do this, or when there is a conflict between the two states in which this individual might have domicile, the one who dies. When this happens, then the federal courts have no jurisdiction under any of our state laws to resolve the dispute. In other words, the state has no relief, whatsoever, and they, therefore, suffer what we would have to say is double taxation. So the proposed bill would empower the claimant state, the state that says, he lived in our state or she lived in our state and, therefore, we want the inheritance tax, and the executor of that estate, then, must then claim that that is the state, and then they submit the question of the decedent's domicile to a board of arbitrators who make a determination which, of course, as in all arbitration is binding upon all parties so entered into and with such uniform acts as this would be. So they would then agree to accept whatever amount they agree upon. It may be less than the original death tax claim that that claimant state had but, at least, they would be able to get some money. Whereas, now, the estate might be socked from two directions and get stuck with inheritance tax from both places. It involves, I want you to understand, it involves both the Uniform Act in Interstate Arbitration in Death Taxes and the Uniform Act on Interstate Compromise of Death Taxes, two uniform acts, which we have not, heretofore, passed in Nebraska and which will be very important to our entire inheritance tax program. There was no opposition to the bill. Professor Gradwohl, who teaches taxation at the Law College, did considerable research on it, presented a very intricate discussion of it to the Judiciary Committee. There was a local Lincoln attorney who pointed out how the problems occur and how this could correct it.

PRESIDENT: The question is, shall the bill be advanced? Record your vote. Record.

CLERK: 28 ayes, 0 nays.